



# ANNUAL REPORT 2021

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SpaceCityCU.com

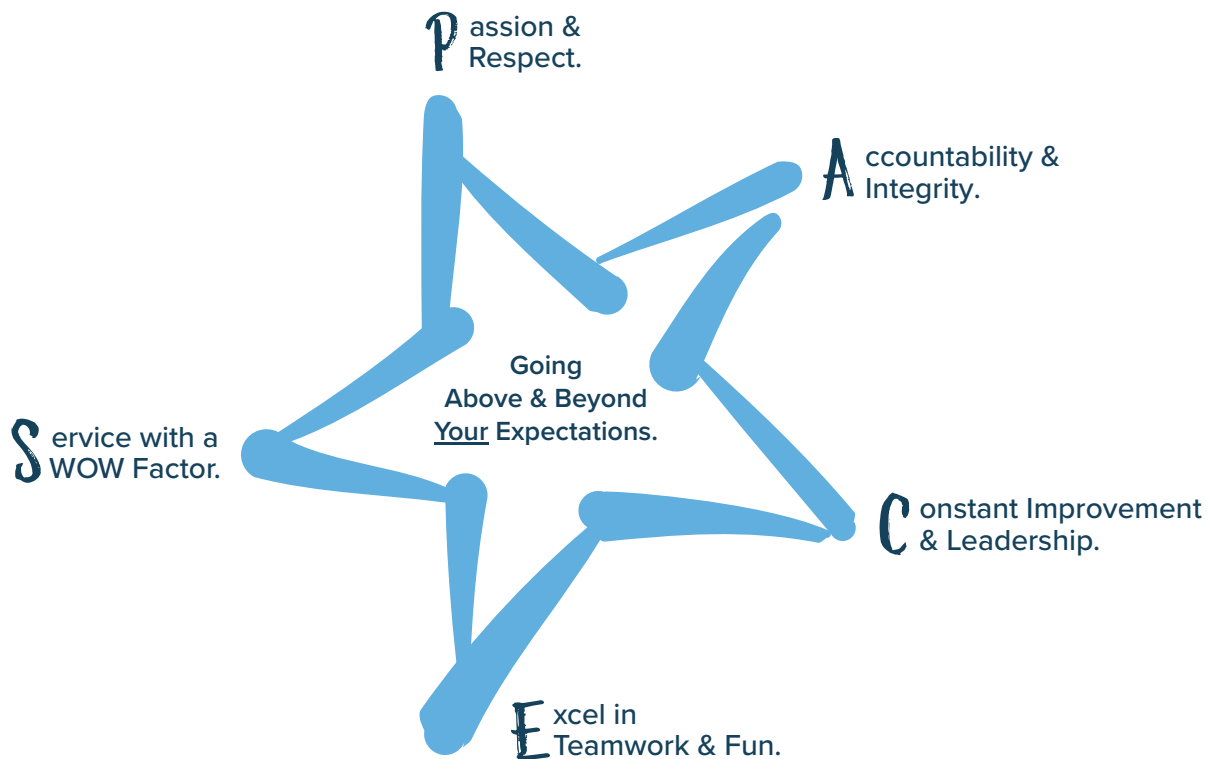


## OUR MISSION STATEMENT

Going Above and Beyond your Expectations.

## 9 CORE VALUES

These core values of our organization form the foundation on which we perform work, conduct ourselves, and service our members.



## 9 SUPPORTING VALUES

Be Accessible • Courage • Culture of Warmth • Embrace Change  
Empathy • Empower Others • Humble • Trust • Quality

## PRESIDENT'S REPORT



My name is Craig Rohden, and I am the chief executive officer of Space City CU. Welcome to our 57th annual meeting and thank you for taking a proactive interest in your credit union.

You know, you're one of the most important people in the credit union industry: a member-owner. That's because credit unions operate on the "one member, one vote" principle. Your initial deposit was your share in Space City CU and that share empowers your voice and your vote. When you participate in a credit union, you're contributing to the growth, strength, and well-being of a financial cooperative (not a bank) where you have a voice.

*Credit unions are different than banks. We don't give the profit we make to our board of directors, or wealthy shareholders. We give it back to you in the form of better service, better rates, and lower fees. That's the credit union difference!*

### **Pandemic Impact**

Every person in America and every financial institution has had to face the challenges of the COVID-19 pandemic for the past two years. Your health and safety, and the health and safety of our staff, are important to us, so in 2020–21 we enacted certain protocols to minimize everyone's exposure, while ensuring you have access to your money and our full array of services whenever you need them.

Remember, *Space City CU* has a variety of online capabilities that minimize your need to visit us in branches unless necessary. We are especially concerned for our elder and high-risk staff and members. Hopefully, the technical advancements we've made will help you feel confident about not only the security of your money, but also your ease of access to it.

Additional precautions we implemented include:

- Social distancing
- Wearing masks
- Gloves for handling money
- Shorter lobby hours  
(closed lobby for a period)
- Drive-thru only transactions
- Virtual Meetings like this one

We are committed to helping our members who continue to struggle with financial matters through the pandemic. Last year, we waived fees, made numerous emergency loans, skipped payments, and restructured loans for our members struggling with COVID related issues.

As your financial first responder, your credit union went to great lengths to help members and our community through the most challenging two years in modern times. Because that's what we're here for: your financial well-being.

Unfortunately, the pandemic is not over. The virus has gone through several mutations already. Virologists and doctors warn that Americans will continue to deal with new infections and deaths until we've reached sufficient herd immunity. That will take all of us doing

## PRESIDENT'S REPORT CONTINUED

our part. We are optimistic that, thanks to modern medical science, protective equipment, and a national plan to minimize the exposure of those most vulnerable, we will be able to save millions of lives and resume in-person operations without fear.

### **Relevant history of CUs**

Let me tell you a little about the state of credit unions in Texas. There are 430 federally and state-chartered credit unions with 1,615 branches, almost 9.7 million members, and total assets of more than \$137 billion. Across the state, there are 26,243 full- and part-time credit union employees. These figures reflect a robust and healthy credit union system, of which Space City CU is a part.

*Now, Space City CU has over 9,000 members and over \$110 Million in assets.*

We are proud of how far we've come, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and servant's hearts of everyone involved in the operation of this credit union. Because of the work we've all done together, this credit union is doing very well, despite the pandemic and certain lingering economic challenges.

From a business perspective, your credit union continues its steady trajectory forward and upward, with our focus finely tuned to the things that really matter to our members. As such, we were able to bring our "people helping people" philosophy to life in ways that helped not only our members, but our communities.

As has been the case for several years, one of the

ongoing issues we faced in 2021 was data breaches and privacy concerns, because merchants across the country continue to be needlessly vulnerable. Yet, it's not the merchant that must bear the cost of a breach or reissuing new cards to their affected customers. That responsibility falls on your credit union, despite that we would have had nothing to do with the breach. We're only here for you and won't hesitate to quickly reissue your new cards, so you're inconvenienced by a merchant data breach as little as possible.

The good news is that your financial institution suffered no data breaches in 2021, and we continue to ensure that your data remains secure. We'll be joining our trade association, Cornerstone League [and Credit Union National Association], to lobby Congress to enact a federal data security law that helps secure data, protect your privacy, and foster fair-share responsibility when a breach does occur.

### **Community Outreach**

Community involvement is just one of the things that make credit unions different from other financial institutions. Some of the things that embodied our commitment to the community during 2021 include:

Charitable Donations Included:

- Walk for the Woods
- Chamber of Commerce
- ICAN Foundation
- Houston Children's Charities
- First Class Education Partnership
- Baker Ripley
- Cage Elementary School
- YMCA Houston
- ALF Houston
- Houston Rodeo



## PRESIDENT'S REPORT CONTINUED

- Eastwood Civic Association
- Camp Hope

In addition to the above, Space City Credit Union was instrumental in the formation of Space City Charities. Space City Charities is a 501 (c)(3) non-profit organization that was established in part by Space City Credit Union in 2009. The mission of Space City Charities is to help others achieve their dreams through financial literacy and furthering their education. The primary method we use to achieve this goal is by providing scholarships to deserving students in and around the Houston area. The main source of funding for these scholarships is the Annual Wolf Scholarship Golf Classic.

**The Annual Wolf Scholarship Golf Classic** was established in 2010 to honor Verna Wolf who served on the board of Space City Credit Union for 40 years (1965 – 2005). Mrs. Wolf passed in 2016, and this golf tournament continues to honor her dedication to the credit union movement and the philosophy of “people helping people.” To date, Space City Charities has awarded \$229,850 in scholarships to deserving students.

### Credit Union Objectives

Because of our cooperative business model, we're able to return profits to our members in the form of competitive rates, new products, enhanced services, and additional points of service to make it easier for you to reach your financial objectives. Our highest and best purpose in serving you includes some of the following:

- Our commitment to serving our community where we can make the greatest impact. Helping with financial literacy and the account manage-

ment for our members who are most vulnerable, such as pre-high school children, young adults, retirees, and our elderly, are some of the ways we can do that.

- Our commitment to being a knowledge center that allows our members to gain advice and insights about budgeting, buying, retiring, and saving.
- Our commitment to offering more and better resources that ensure our members are using the safest, most secure, and most convenient technology available.
- Our commitment to growing our community impact through basic interest payouts, financial capability programs, payment deferral during community emergencies (such as the pandemic), and working with members that face challenges in whatever life phase they might be in; and
- Our commitment to helping you finance your life activities, such as education, small businesses (enhanced business services coming soon), and transportation.

As we navigate the challenges of 2022, we promise that Space City CU will continue to grow responsibly while listening and responding to your needs. As our member-owners, you are integral to our credit union family, and we are sincerely grateful that you've chosen Space City CU as your financial partner. We wish you a healthy and prosperous 2022.

Thank you.  
Craig Rohden, CEO

## CHAIRMAN'S REPORT



Welcome to the 57th annual meeting of Space City Credit Union. I commend you all for taking a proactive interest in your credit union's future.

As you will see in the Annual Report, *Space City CU* performed quite well in fiscal year 2021. Some

of the highlights of that report include:

- Membership at *Space City CU* now stands at 8,902 members. This represents a slight increase over last year. Many small credit unions are shrinking, we're proud to say we are growing.
- As our membership grows, so do our assets, which is one of the primary indicators of how well our members are receiving the products and services we offer. Our assets as of 12/31/21 were \$107,721,013, an increase over 2020 of 1.24%.
- *Space City CU* continues to be a well-capitalized financial institution, with a strong net worth ratio of 9.18 percent. To put that in perspective, a net worth position above 7 percent is considered well capitalized by our regulators.
- You, the member-owners of this institution, have borrowed more than \$73,802,318, which added more than \$7,536,242 in new loans in the 2021 fiscal year and reflects general optimism in our economy and trust in your credit union. We thank you for that.
- As loan demand increased more than 11% from 2020 to 2021, delinquencies are now at 0.21 percent, which is well below our peers in the industry. This reflects the competitive rates we're able to offer but also our strong underwriting standards.

Though the credit union needs to make a profit to keep the doors open, our sole interests are our members' interests, and whenever we can, in keeping with our credit union mission, we will distribute profits back to you.

Last year *Space City CU* performed so well that we generated \$779,721 in net income in the 12 months that ended 12/31/21. As a result, we were able to pay out special year-end *interest rebates and rewards* to our members of \$135,000.

Deposited *rebates* were paid to member share accounts and reflected on their 12/31/21 statements. Additionally, checking account holders who utilize our u-Choose Rewards program also earned rewards.

These are just two ways our members can enjoy the benefits of belonging to a *Space City CU*.

As a financial cooperative, we recognize that we most effectively serve you and strengthen the credit union movement when we are actively engaging in the vast network of service groups and organizations that support credit union. For instance, our membership in Cornerstone League, our regional credit union association, allows us to benefit from the advocacy, education, tools, and resources that are designed to support our endeavors and, by extension, *you*—our members.

Please indulge me while I take a moment to express my deepest confidence in the leadership and commitment of our dedicated staff, and the support and loyalty of our member-owners. We are confident about our future because, as this last year has shown, *Space City CU* is well positioned to face any challenge and seize any opportunity that presents itself in 2022.

Thank you, ladies and gentlemen. I wish you and your families the very best.

Chairman of the Board  
Buck M. Lay Jr.

## CHIEF OPERATIONS OFFICER REPORT



Space City Credit Union had another operationally strong year in 2021. Our steadfast focus on efficient service, process improvement and constantly enhancing technological offerings remained at the forefront of our efforts. To sharpen our focus, a

strategic planning session was held to roadmap our next 5 years as a Credit Union. This session included both Space City staff and our board of directors to ensure all of our efforts are in alignment with the latest technological offerings on the market, what members are requesting while speaking to our staff, and on track with our long-term goals.

2021 saw a marked increase in our information technology security on both a micro and macro level. Internally we spent significant resources examining and enhancing our business impact analysis to ensure our systems experience minimal downtime in the event of technological interruptions and natural disasters.

Our online banking platform was upgraded from Virtual Branch to Virtual Branch Next which gave our members a refreshed design and increased functionality. Our internet banking platform will be upgraded again in 2022 with even more features. Zelle® was also launched in May 2021 to give members access to transfer funds instantaneously.

With the continued success of Space City CU, we're able to offer beneficial savings and wealth-building tools and other financial products and services that enhance your life, improve our delivery channels, and expand our community outreach. Therefore, in 2022 we're implementing the following products and services to benefit you and your families:

- *New Member Application – Enhanced functionality for a more streamlined member experience.*
- *Card Hub – Combining more features inside our mobile application to give you more control and more features all in one app.*
- *Apple and Samsung Pay – Ability to add your debit card to Apple and Android devices for use in electronic wallets.*
- *Upgraded e-Statements – adding an additional five months of statement history up to 18 months.*
- *Upgrading Web and Mobile Banking – Upgrading these tools to include the latest and greatest releases and tools.*

In total, we are adding and upgrading fourteen products and services, as well as internal employee systems in 2022. This is no small accomplishment and includes many hours of implementation and training. We're fortunate that the credit union is doing well and can afford to put financial and staffing resources towards these upgrades. We look forward to continuing to enhance your member experience for many years to come.

Nikki Moore-Owens  
Chief Operations Officer

## TREASURER'S REPORT



In 2021, Space City Credit Union had total net income of \$779,721 after business expenses, dividends, and our loan interest refund to membership. As a result of our robust earnings, the credit union's capital to asset ratio increased from 8.57 percent to 9.18 percent.

Space City Credit Union remains financially sound and committed to offering best in class financial services to its members. For a more comprehensive snapshot of the Credit Union's financial performance, please review our consolidated statements of income and financial condition.

Regards,  
Jerry Garcia, Treasurer

Statement of Income		
For Period ending December 31, 2021		
	2021	2020
<b>Income</b>		
Loans	\$3,642,048	\$3,735,983
Investments	\$31,605	\$44,197
Other	\$2,135,585	\$1,919,358
<b>Total Income</b>	<b>\$5,809,239</b>	<b>\$5,699,538</b>
Non-Operating Income/Expense	(\$1,942)	\$42,997
Income Before Dividends	\$5,807,297	\$5,742,535
Less: Dividends	\$624,100	\$978,012
Less: Int on Borrowed Funds	\$26	\$0
<b>Expenses</b>		
Employee Compensation	\$2,035,919	\$1,933,423
Office Operations	\$910,724	\$966,104
Provision for Loan Losses	\$210,614	\$420,249
Operating Expenses	\$1,246,193	\$1,115,886
<b>Net Income (Loss)</b>	<b>\$779,721</b>	<b>\$328,861</b>
<b>Allocation of Net Income</b>		
To Regular Reserves	\$0	\$0
<b>To Undivided Earnings</b>	<b>\$779,721</b>	<b>\$328,861</b>

Statement of Financial Condition		
For Period ending December 31, 2021		
	2021	2020
<b>Assets</b>		
Loans	\$73,802,318	\$66,266,076
Allowance for Loan Loss	(\$448,855)	(\$481,626)
<b>Net Loans</b>	<b>\$73,353,463</b>	<b>\$65,784,450</b>
Cash	\$605,809	\$929,805
Investments	\$23,289,115	\$29,380,473
Fixed Assets	\$5,165,539	\$5,282,883
Other Assets	\$5,307,088	\$5,022,647
<b>Total Assets</b>	<b>\$107,721,013</b>	<b>\$106,400,258</b>
<b>Liabilities</b>		
Notes Payable	\$0	\$0
Accounts Payable	\$409,364	\$665,084
Other Liabilities	\$463,897	\$502,956
<b>Total Liabilities</b>	<b>\$873,261</b>	<b>\$1,168,040</b>
<b>Savings</b>		
Shares	\$97,424,430	\$96,585,603
<b>Equity</b>		
Regular Reserves	\$472,173	\$472,173
<b>Undivided Earnings</b>	<b>\$6,293,571</b>	<b>\$5,516,863</b>
Equity Acquired from Merger	\$2,657,579	\$2,657,579
<b>Total Liabilities &amp; Equity</b>	<b>\$107,721,013</b>	<b>\$106,400,258</b>



## CREDIT COMMITTEE REPORT



The Credit Committee is appointed by the Board of Directors to regularly review current Credit Union loan policies, identify loan trends ensure the safety and soundness of loan underwriting. The committee also ensure

that the current roster of loan offerings meet the credit needs of the membership. We are committed to making financial decisions to balance the cost of bringing the latest technology to our membership while remaining competitive with our interest rate and fee structure.

2021 we increased our loan volume by \$7,536,242, a big part of our loan growth in 2021 was due to Real Estate lending. In fiscal year 2021, our loan officers wrote over \$4,621,405 in mortgage loans and \$6,291,724 in home equity loans. We are thankful that you entrusted your business to Space City Credit Union. We value your membership and are grateful to help our members meet the financial commitment for important life decisions.

One of the main ways we can impact the financial soundness of our members is through prudent and cost-effective lending practices. Space City Credit Union delinquencies remain low at 0.21 percent, as compared to other Credit Unions our size with an average delinquency of 0.60 percent. This reflects the competitive rates we are able to offer and your strong commitment to honoring your financial obligations.

We will remain vigilant representatives of our members' interests, ensuring continued safety and soundness for your money as the Credit Union strives to provide you and your family with excellent member service. Below you will find a consolidated breakdown of total loans booked in 2021 for your review.

Thank you,  
Steve Hines  
Chairman, Credit Committee

2021 LOANS			
Loan Type	YTD # Loans	Amount	Percentage
New Auto	192	\$ 8,895,395.61	21%
Used Auto	435	\$ 12,826,486.36	30%
Signature	425	\$ 2,486,684.88	6%
Other Secured	148	\$ 2,429,616.48	6%
Real Estate, HE	56	\$ 10,913,128.25	25%
RE MBLs <50k	0	\$ -	0%
RE MBLs >50k	0	\$ -	0%
Instrument Loans	11	\$ 582,756.54	1%
Credit Card Advances	-	\$ 6,498,240.51	15%
Loan Add	-	\$ 914,274.43	2%
Refinances	-	\$ (2,666,968.51)	-6%
<b>Total</b>	<b>1267</b>	<b>\$ 42,879,614.55</b>	<b>100%</b>

## AUDIT COMMITTEE REPORT



Throughout 2021, Space City Credit Union's Audit Committee consists of four Credit Union members who volunteer their time to serve the membership. The Committee has the responsibility of working with the Management Team and the Board of Directors to ensure that Space City is operating in a safe and prudent manner and in the best interests of our members.

To fulfill our responsibilities, we work with management to engage an auditing firm, currently Doeren Mayhew, to perform internal audits. Space City Credit Union underwent 150 hours of internal auditing. We also utilize internal staff to perform audit functions and have the benefit of Federal and State examinations. Members of the Audit Committee met with our independent auditors and are pleased to report that all findings were minimal and immediately rectified by management.

Based on our last examiners' report, internal audit reports, and the positive results received from our independent auditors, the Audit Committee remains confident that Space City Credit Union maintains adequate controls, complies with applicable laws and regulations, and is well managed and fiscally sound.

We appreciate the opportunity to serve the membership and encourage all members to take advantage of the many services and benefits offered by your credit union.

Sincerely, Jack Patton - Chairperson, Matt Hayslip,  
Rod Tejada, Stephen Quezada

## YEAR IN REVIEW

# 2021

### NEW PRODUCTS



**zelle**

Virtual Branch Next

### AUDITS



7 External

2 Internal

150 Internal Audit Hours



### TECHNOLOGY

Managed Switches  
and Data Room Move



### OPERATIONS

Online Secure Chat,  
Appointment Scheduling,  
& Zoom Appointments

### DORMANT ACCOUNTS

**\$612,341 and 416**

Dormant Accounts Reduced to **\$2,214.06 and 106**

### INCREASED REAL ESTATE & HOME EQUITY LENDING

from **\$6** Million in 2020 to **\$15** Million in 2021.

A **150%** Increase!

Adding **14** New Products &  
Services for 2021-2022

Charity Golf Tournament Raised Over  
**\$30,000** for Scholarships

OVER **\$138,000** GIVEN BACK  
TO OUR MEMBERS!

**\$92,543** Loan Interest  
Refunded to Members

**\$45,808** in uChoose Rewards  
Prize Redemptions

OVER 95% OF MEMBERS SURVEYED HAPPY WITH SERVICE!

## BOARD OF DIRECTORS



Mick Lay  
Chairman  
Board Member Since 1975



Steve Hines  
Vice Chairman  
Board Member Since 1985



Judy Langford  
Secretary  
Board Member Since 1982



Jerry Garcia  
Treasurer  
Board Member Since 1979



Jack Patton  
Assistant Secretary  
Board Member Since 2010



Robert Sander  
Director  
Board Member Since 1980



Craig Rohden  
President/CEO/Director  
Board Member Since 2001



Matt Hayslip  
Director  
Member Since 2008



Mark Heitker  
Director  
Board Member Since 2006



Rod Tejada  
Audit Committee  
Member Since 2017



Stephen Quezada  
Audit Committee  
Board Member Since 2019



## MANAGEMENT TEAM



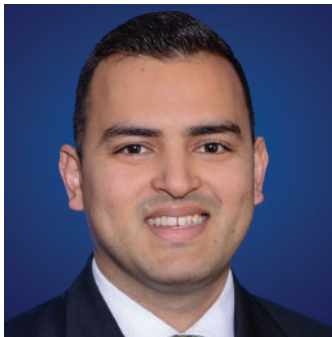
Craig Rohden  
President/CEO  
Team Member Since 1994



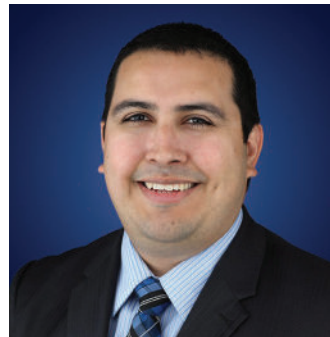
Nikki Moore  
Executive Vice  
President/COO  
Team Member Since 2008



Paula Newkirk  
VP of Lending & Collections  
Team Member Since 2007



Aldo Aguilar  
Relationship Manager  
Team Member Since 2007



Eddie Soto  
Loan Manager  
Team Member Since 2015



Angela Shelton  
Teller Supervisor  
Team Member Since 2021